

Minutes

Village of Niles

Finance Committee Meeting

Village Hall Council Chambers

September 1, 2021

8:00 am

Call to Order

Chairman Joe LoVerde called the meeting to order at 8:00 am.

Roll Call

Assistant Finance Director Laurie Nannini called the roll for Committee Members:

Committee Members Present: Chairman Joe LoVerde, George Van Geem, Robert Callero, Alan Weel, and Jack Drexler

Committee Members Absent: None

Others Present: Village Manager Joe La Margo, Deputy Village Manager Hadley Skeffington-Vos, Assistant to the Village Manager Kathy Thake, Finance Director Kent Oliven, Assistant Finance Director Laurie Nannini, Acting Fitness Center Director, Assistant Community Development Director Rich Wlodarski, Management and Budget Analyst Conor Schultz, and Administrative Assistant Joy Athanasiou

Old Business

None

Approval of Minutes

The regular minutes from the August 4, 2021 Finance Committee meeting were presented for approval. A motion was made by Bob Callero, seconded by Al Weel, to approve the minutes. All concurred.

Accounts Payable Approval

The Accounts Payable registers for 2021- 7/30, 8/6, 8/13, 8/14, and 8/20 were presented for approval. A motion was made by Bob Callero, seconded by Al Weel, to approve the Accounts Payable registers. All concurred.

New Business

Fitness Center FY22 Update

Management and Budget Analyst Conor Schultz presented an update to the Fitness Center Five Year Plan as requested by the Finance Committee at the previous meeting. He discussed recent history of operating expenses and revenues. He stated that the Fitness Center is on pace for the fiscal year so far. Mr. Schultz also stated that a rate increase for all memberships will go into effect in this fiscal year, once the new software program is implemented. He also discussed other revenue enhancement options and recent Capital Improvement projects. Mr. Schultz said this plan will be reviewed annually and revised to meet the needs of the Fitness Center. The Committee asked questions and shared ideas and expertise, stating the Fitness Center is a benefit to our residents and community. Acting Fitness Center Director Linda Mathis was present for the discussion and to answer questions.

Renewal of Village Healthcare Plans

Beginning in January of 2022, the Village will switch its insurance coverage to a calendar year schedule, from a claim year schedule. The Village will offer a Consumer Driven Health Plan (HDHP) with a Health Savings Account (HSA) beginning in January of 2022 as well. The committee is informed about the Village's current health insurance offerings including the HMO and two PPOs—one for public safety employees and one for AFSCME and non-union employees. There was also another High Deductible Plan that did not qualify

for an HSA—it is to be eliminated and replaced with the new plan coming in 2022. Director Oliven stated that open enrollment will begin in October to allow more time for employees and their spouses to consider the new CDHP healthcare option. He requested the committee recommend renewals of the healthcare plans to the Village Board.

In further conversation, Director Oliven explained that staff is planning for reduced future increases in rates rather than explicit savings—this is mostly due to the drastic and consistent rises in healthcare costs at a national level. Switching prescription drug providers last year and the new CDHP are examples of decisions that will reduce increases in the future. Director Oliven also answered several questions regarding the new CDHP including its funding mechanisms and the incentives to adopt the insurance.

After a reminder from Finance Committee Member Van Geem following the Compensation Study discussion (below), the Finance Committee returned to this topic to recommend the renewals based on preliminary rates provided by Director Oliven. Member Van Geem motioned, seconded by Member Callero. All concurred.

Compensation Study via GovHR

Deputy Village Manager Hadley Skeffington-Vos stated the Village conducted its last Compensation Study in 2015. The Village went out to RFP in February of 2020. GovHR is the firm used in both instances. The study determines whether the Village's compensation is internally and externally equitable. Staff is considering the November Finance Committee meeting for GovHR to appear before the Finance Committee. Comparison to nearby communities is a particular focus of this particular study. Communities compared are largely the same as those used for comparison in union negotiations.

American Rescue Plan Act Update

Director Oliven updated the committee that \$3.93 million is the amount designated for the Village from the American Rescue Plan Act's State and Local Fiscal Recovery Fund (ARPA – SLRF). The funds will be received in two tranches—one half this year and one half next year. The Village has applied for the funding but has not received the first disbursement from the State. Staff has been researching the potential uses as well as reporting requirements for the funding. As of the meeting, staff is considering recommending using the funds to rebuild the Salt Dome at the Public Works facility, as it is a one-time revenue source that looks like Public Works projects fit better in the U.S. Treasury rules than other departments.. A new salt dome comes with safety benefits for motorists on the Village's road as well as employees at the PW facility. Director Oliven also pointed out that the current dome is too small, which increases salt purchase costs, the current salt dome has two holes in its roof, and the project would also replace a building with an unsafe lintel. Director Oliven responded to some questions about the Salt Dome including the potential for a loading device and other structures at the PW facility that could be affected by construction.

Director Oliven asked the committee if they would like to be specifically informed about the proceedings of the Public Works Committee as it relates to ARPA funds, or whether they would also like their own scheduled ARPA meeting. Member Van Geem asked to be notified when those public works meetings are scheduled.

Other Business

Purchasing Manual Update

Staff updated the Purchasing Manual last year, but a new bid has offered an opportunity to further clarify guidelines. The Village has received a bid at a

lower price than exists in several cooperative agreements that the Village operates in. Director Oliven proposed a potential change to the purchasing manual that allows for the Village to accept a bid price lower than a cooperative price without calling that a bid waiver. Presently, that would be called a bid waiver based on language in the Purchasing Manual.

Pension Case

(See court case Village of Hanover Park v. Board of Trustees of the Village of Hanover Park Police Pension Fund)

An Illinois Appellate Court recently ruled that contingent holiday pay is not pensionable under Illinois law—for both police and fire employees. Both pension boards were advised by their counsel not to put holiday pay into future pension calculations and the Village intends to not withhold pension contributions from holiday pay for affected police and fire employees, both union and non-union. Director Oliven answered some questions about the item, and clarified that the Village is treating this as a State Statute issue and will follow the direction of the court decision.

Rate of Return Expectancy

Pension funds use a measure called a Long Term Expected Rate of Return on Assets to estimate future investment growth. Director Oliven believes that this number is too high—nationally, not just with the Village’s public safety funds. Lowering the Expected Rate of Return on Assets is important because, while in the short run it could increase annual contributions and overall Village debt, in the long-term it will reduce taxpayer burden due to larger investment returns. Given that recent stock market activity has produced higher than expected returns, Director Oliven has asked the Village actuary to see if the Village could reduce the long-term expected rate of return on assets without raising the annual contribution more than current modeling would suggest. Director Oliven stated that other municipalities and many states across the country are taking advantage of this one-time opportunity to lower the long-term expected rate of return on assets without larger than normal increases in actuarially determined contributions (ADCs) given recent market returns.

Public Comments

None

Executive Session

None

Adjournment

A motion to adjourn was made at 10:05 am by George Van Geem, seconded by Al Weel. All concurred.